

Action on Muni Water at 11/9 City Council Meeting

By Councilmember Rose Herrera

The long-term solutions to the City's current budget problems need to be common sense solutions that trim the excess and position San Jose for economic growth. The proposal to transfer control of San Jose Muni Water is neither of those.

These options will be considered at the Tuesday, November 9 City Council meeting. Tell the Mayor and the rest of the City Council that you support my recommendation to support the revenue options that do not include the transfer of Muni Water!

The budget must be balanced with what is best for the City as a whole. We must see the bigger picture. The bigger picture considers that water is a precious resource. That controlling our water utility is important to our future. And San Jose's future is bright. With over one million residents calling San Jose home and start-ups and big companies like Cisco, eBay and Adobe choosing to locate here, we will recover, we will see job growth, and we will be stronger. But short-sighted decisions could jeopardize that.

It is not a best practice to sell or lease a utility like water. There are negative impacts if we pursue transfer control of Muni Water.

Keeping control of San Jose Muni Water is not just about protecting the rates we pay, although that is what some will say. Those critics will say that Muni Water customers pay well below the average rates in the Bay Area and that is not fair. Of course! We pay less because Muni Water is not a privately owned, profit driven company. There is no CEO taking home a big paycheck. A short-sighted argument that jeopardizes our future.

Our bright future is in jeopardy because of the impacts if we transfer Muni Water. If the City transfers control of Muni Water, we jeopardize our access to Hetch Hetchy water, widely regarded by residents and businesses as high quality, pure water. Once access to water from the Hetch Hetchy reservoir is lost, we will never regain it. There is a long line of municipalities waiting to take our place if we are foolish enough to give it up.

We also jeopardize our tax-exempt bond financing. We stand to lose more than \$1.5 million in staff time with no guarantee that a transfer is even legal. And of course, there is the loss of jobs as companies choose to locate in neighboring cities for reliable sustainable public utilities.

It is easy to see why San Jose Water Co. and others are interested in Muni Water. It is a well-managed system with no backlog of maintenance. Because it's in such good shape, it will be easy to make money. That's why San Jose Water Co. has been offering to buy the system since 1962. The same road blocks that prevented the transfer in 2002 are still in place. Nothing has changed. Why repeat history and waste money we don't have.

The reason the City wants to transfer control of Muni Water is we need more money for operating expenses of the entire city. Guess what – there are other options that need more attention and focus: revenue options that don't include the transfer of Muni Water.

The City Manager is proposing three revenue options that do not require a transfer. Two revenue options include a citywide vote and one option could be enacted next fiscal year. The first citywide vote includes asking the voters to have a defined amount of Muni Water revenues go to the General Fund. The second option asks voters to approve a 10% tax that customers pay and it will go to the General Fund. The third non-voter option can be implemented next fiscal year. The City Council could establish a citywide impact fee that Muni Water pays to offset City expenditures for use of the City's right-of-way.

While some of these options will impact ratepayers, it is the price we must pay to protect our future.

We must consider a citywide vote because of Prop. 218, called the "Right to Vote on Taxes Act." Prop. 218 requires property related fees be used only for the purposes for which the fee was collected. In the case of Muni Water, monies collected from rate payers go into an Enterprise Fund for the operation of Muni Water and can only be used for that purpose. The fees collected cannot exceed cost recovery.

Please join me in looking to a bright future for San Jose that includes fiscal responsibility and sound planning. Let's balance the budget with common sense and fiscal controls that support the growth of our economy, not shrink it.

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Please feel free to contact my office for more information on this issue or other City issues by calling 408-535-4908 or emailing district8@sanjoseca.gov.

Register now! Saturday, November 13 Neighborhood Leadership Institute 408-279-2600. It aims to strengthen the voices and skills of emerging leaders from San Jose. FREE!

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